



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Council Statement of Opposition to U.S. Senate Bill 621 - Repeal of the Public Utility Holding Company (PUHCA)

**MEETING DATE:** November 5, 1997

**SUBMITTED BY:** Electric Utility Director

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**RECOMMENDED ACTION:** That the City Council approve the Mayor's signing of the attached letter requesting that the Public Utility Holding Company Act not be repealed until comprehensive legislation to restructure the electric utility industry is in place.

**BACKGROUND:** The Public Utility Holding Company Act was passed in the 1920's to prevent domination of the electric energy industry by the concentration of market power through the formation of holding companies. Legislation to repeal PUHCA is now being considered by Congress (S.621) in advance of comprehensive legislation to restructure the electric utility industry containing adequate safeguards designed to assure competition in the marketplace.

While repeal of PUHCA will eventually occur, its repeal at this time represents a piecemeal approach to the larger issue of national electric utility industry restructuring and a hindrance to the restructuring process itself.

**FUNDING:** None Required.

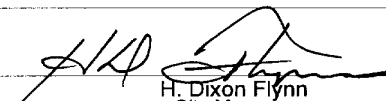
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Alan N. Vallow  
Electric Utility Director

Prepared by Jack Stone, Manager Business Planning & Marketing  
ANV/JS/lst

cc: City Attorney

Approved \_\_\_\_\_

  
H. Dixon Flynn  
City Manager

October 27, 1997

CITY COUNCIL

PHILLIP A. PENNINO, Mayor

JACK SIEGLOCK

Mayor Pro Tempore

KEITH LAND

STEPHEN J. MANN

DAVID P. WARNER

# CITY OF LODI

ELECTRIC UTILITY DEPARTMENT

ALAN N. VALLOW, DIRECTOR

1331 S HAM LANE

LODI, CALIFORNIA 95242-3995

(209) 333-6762

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H. DIXON FLYNN  
City Manager

RANDALL A. HAYS  
City Attorney

ALICE M. REIMCHE  
City Clerk

November 5, 1997

Honorable Senator Feinstein  
331 Hart Building  
Washington, DC 20510

Dear Senator Feinstein:

It is our understanding that the U.S. Senate may soon consider S. 621, Senator D'Amato's legislation to "reform" the Public Utility Holding Company Act (PUHCA). We urge you to oppose consideration of this legislation outside the context of broader legislation restructuring the electric utility industry.

The City of Lodi believes that stand-alone repeal of PUHCA would:

- Enable out-of-state utilities to unfairly compete in California's competitive retail market by cross-subsidizing their sales with excessive rates collected from consumers in their home states that are not similarly provided with retail choice;
- Lead to further consolidation in the electric industry, rather than addressing the market power concerns that parties to AB 1890 expected Congress to resolve;
- Frustrate development of a robust competitive market by decreasing the likelihood that utilities in other states will constructively participate in state and federal efforts to introduce retail competition; and
- Hinder effective state regulation of remaining monopoly services (such as distribution) by facilitating formation of multi-state corporations that are outside the reach of any one state commission.

For these reasons, we urge you to vote against cloture when S. 621 is brought to the floor for consideration.

Sincerely,

Jack Sieglock  
Mayor Pro Tempore

CITY COUNCIL

PHILLIP A. PENNINO, Mayor

JACK SIEGLOCK

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November 5, 1997

Honorable Senator Boxer  
112 Hart Building  
Washington, DC 20510

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